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PineStone 鼎石
Pinestone Capital Limited
鼎石資本有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 804)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 25 October 2022 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company appointed the Placing Agent to place, on a best efforts basis and subject to the fulfillment of the conditions precedent to the Placing, a maximum of 45,118,900 Placing Shares to not less than six independent Placees at a price of HK\$0.32 per Placing Share.

The Placing Price of HK\$0.32 per Placing Share represents: (i) a discount of approximately 17.95% to the closing price of HK\$0.39 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 16.23% to the average closing price of approximately HK\$0.382 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately prior to the date of the Placing Agreement.

Assuming the Placing Shares are fully placed, the maximum number of 45,118,900 Placing Shares represents 20% of the issued share capital of the Company of 225,594,500 Shares as at the date of this announcement, and approximately 16.67% of the issued share capital of the Company as enlarged by the issue of the maximum number of Placing Shares.

Assuming the Placing Shares are fully placed, the gross and net proceeds from the Placing will be approximately HK\$14.44 million and HK\$14.22 million, respectively. The Company intends to use such net proceeds for expanding the existing business of the Group.

The Placing is not subject to the Shareholders' approval as the Placing Shares will be issued pursuant to the General Mandate.

Shareholders and potential investors of the Shares should note that the Placing is subject to the fulfillment of the conditions precedent to completion of the Placing and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING

On 25 October 2022 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, the principal terms of which are summarized below:

Date

25 October 2022 (after trading hours)

Parties

- (a) the Company; and
- (b) the Placing Agent

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Placing Agent and its ultimate beneficial owners is a Independent Third Party.

Placees

It is intended that the Placing Shares will be placed to not less than six Placees who and whose ultimate beneficial owners are Independent Third Parties. It is expected that none of the Placees nor their associates will become a substantial shareholder of the Company as a result of the Placing.

Number of Placing Shares

The Company appointed the Placing Agent to place, on a best efforts basis and subject to the fulfillment of the conditions precedent to the Placing, a maximum of 45,118,900 Placing Shares. Assuming the Placing Shares are fully placed, the maximum number of 45,118,900 Placing Shares represents 20% of the issued share capital of the Company of 225,594,500 Shares as at the date of this announcement, and approximately 16.67% of the issued share capital of the Company as enlarged by the issue of the maximum number of Placing Shares. The aggregate nominal value of the maximum number of Placing Shares is HK\$902,378.

Placing Price

The Placing Price of HK\$0.32 per Placing Share was agreed after arm's length negotiations between the Company and the Placing Agent, with reference to the recent trading price of the Shares.

The Placing Price of HK\$0.32 per Placing Share represents: (i) a discount of approximately 17.95% to the closing price of HK\$0.39 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 16.23% to the average closing price of approximately HK\$0.382 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately prior to the date of the Placing Agreement.

Placing Commission

Subject to Completion, the Placing Agent will receive a placing commission of 1% on the gross proceeds of the Placing Shares which are successfully placed by the Placing Agent. The placing commission was determined after arm's length negotiation between the Company and the Placing Agent with reference to the prevailing market rate.

Condition of the Placing

Completion of the Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant listing of and permission to deal in the Placing Shares, either unconditionally or subject to conditions which are acceptable to the Company and the Placing Agent; and
- (ii) no representation, warranty or undertaking under the Placing Agreement having been breached in any material respect by the Company or is otherwise rendered inaccurate, untrue or misleading in any material respect, in each case on or prior to the Completion Date.

If the above conditions are not satisfied on or before 14 November 2022 (or such later date as may be agreed between the Placing Agent and the Company) (the “**Long Stop Date**”), the Placing will lapse and all rights, obligations and liabilities of the Placing Agent and the Company in relation to the Placing shall cease and determine and neither party shall have any claim against the other in respect of the Placing save for any antecedent breach and/or any rights or obligations which may accrue under the Placing Agreement prior to such termination. Condition (i) to the Placing may not be waived by any party to the Placing Agreement.

Completion of the Placing

Completion of the Placing shall take place not later than four business days after the fulfillment of all the conditions set out in the Placing Agreement (or such other date as the Company and the Placing Agent may agree).

Termination

Notwithstanding anything contained in the Placing Agreement, if at any time on or prior to 12:00 noon on the Completion Date:

- (i) there shall have been, since the date of the Placing Agreement, such a change in national or national financial, political or economic conditions or taxation or exchange controls as world, in the opinion of the Placing Agent, be likely to prejudice materially the consummation of the Placing; or
- (ii) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provisions of the Placing Agreement; or
- (iii) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise;

then and in any such case, the Placing Agent may after consultation with the Company (to the extent that the same is reasonably practicable) terminate the Placing Agreement by giving notice in writing to the Company, provided that such notice is received prior to 12:00 noon on the Completion Date. In the event the Placing Agent terminates the Placing Agreement pursuant to the aforesaid clauses (i) to (iii), all obligations of each of the parties to the Placing Agreement shall cease and determine and no party shall have any claim against the other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, will rank pari passu among themselves and with Shares in issue at the time of issue and allotment of the Placing Shares.

Application for listing

Application will be made to the Stock Exchange for approval for the listing of and permission to deal in the Placing Shares.

GENERAL MANDATE

The Placing is not subject to the Shareholders' approval as the Placing Shares will be issued under the General Mandate, which was granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company held on 24 June 2022. Pursuant to the General Mandate, the Company was authorized to issue and allot up to 45,118,900 Shares (as adjusted taking into account the effect of the Share Consolidation), representing 20% of the number of Shares in issue on the date of passing such resolution. The General Mandate has not been previously utilized prior to the issue of the Placing Shares. Accordingly, the issue of the Placing Shares is not subject to any Shareholders' approval.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in (i) securities brokerage; (ii) securities-backed lending; (iii) placing and underwriting; and (iv) other money lending services.

The terms of the Placing Agreement (including the Placing Price and the placing commission) were determined after arm's length negotiations between the Company and the Placing Agent. The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Assuming the Placing Shares are fully placed, the gross and net proceeds from the Placing will be approximately HK\$14.44 million and HK\$14.22 million, respectively. The Company intends to use such net proceeds for expanding of existing business. Assuming the Placing Shares are fully placed, the net placing price will be approximately HK\$0.315 per Placing Share.

The Board is of the view that the Placing will enlarge the shareholder base and the capital base of the Company. In addition, the net proceeds of the Placing will strengthen the Group's financial position for its future development. Accordingly, the Board considers that the Placing is in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITY DURING THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the twelve months immediately prior to the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the completion of the Placing (assuming the Placing Shares were placed in full and assuming there is no other change in the issued share capital of the Company between the date of this announcement and the Completion Date):

Shareholders	As at the date of this announcement		Immediately after completion of the Placing	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
	<i>(approximately)</i>		<i>(approximately)</i>	
HCC (Note 2)	64,557,500	28.62	64,557,500	23.85
Placees	–	0.00	45,118,900	16.67
Other public Shareholders	<u>106,894,500</u>	<u>71.38</u>	<u>106,894,500</u>	<u>59.48</u>
Total	<u>225,594,500</u>	<u>100.00</u>	<u>270,713,400</u>	<u>100.00</u>

Notes:

- (1) As at the date of this announcement, the Company has an issued share capital of 225,594,500 Shares.
- (2) HCC is wholly-owned by Mr. Cheung Yan Leung Henry, who is the Chairman of the Board and an executive Director.

Shareholders and potential investors of the Shares should note that the Placing is subject to the fulfillment of the conditions precedent to completion of the Placing and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“associate(s)”	having the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“business day”	a day on which banks in Hong Kong are open for business, other than: (i) a Saturday or a Sunday; or (ii) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon on which banks generally are open for business in Hong Kong
“Company”	Pinestone Capital Limited, a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Main Board of the Stock Exchange with stock code: 804
“Completion”	the completion of the Placing
“Completion Date”	the date of the Completion
“connected person(s)”	having the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company

“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting on 24 June 2022 to issue and allot up to 20% of the then issued share capital (being 225,594,500 Shares (as adjusted taking into account the effect of the Share Consolidation)), which was equivalent to 45,118,900 Shares (as adjusted taking into account the effect of the Share Consolidation)
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons within the meaning of the Listing Rules
“Placee(s)”	any independent person(s) or entity(ies) procured by the Placing Agent or its sub-placing agent(s) to subscribe for any of the Placing Shares under the Placing Agreement
“Placing”	the best-effort placing of up to 45,118,900 Placing Shares on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Silverbricks Securities Company Limited, a licensed corporation to carry on business in Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO

“Placing Agreement”	the agreement entered into between the Placing Agent and the Company dated 25 October 2022 in relation to the Placing
“Placing Price”	HK\$0.32 per Placing Share
“Placing Shares”	a maximum of 45,118,900 new Shares to be placed under the Placing
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Consolidation”	the consolidation of every twenty (20) issued and unissued old Shares in the share capital of the Company into one (1) Share in the share capital of the Company, which was duly approved by the Shareholders at an extraordinary general meeting of the Company held on 19 October 2022 and became effective on 21 October 2022
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	having the meaning ascribed thereto under the Listing Rules
“%”	per cent

By order of the Board
Pinestone Capital Limited
Lee Chun Tung
Executive Director

Hong Kong, 25 October 2022

As at the date of this announcement, the Board comprises Mr. Cheung Yan Leung Henry and Mr. Lee Chun Tung as executive Directors; Mr. Yau Tung Shing as non-executive Director; and Mr. Yeung King Wah, Mr. Lau Kelly, Mr. So Stephen Hon Cheung, Mr. Wong Chun Peng Stewart and Ms. Fu Yiman as independent non-executive Directors.